
AGENDA

UNIVERSITY OF HOUSTON SYSTEM AUDIT AND COMPLIANCE COMMITTEE MEETING

DATE: Wednesday, August 23, 2023
TIME: 2:00 PM
PLACE: The Post Oak Hotel at Uptown Houston
Post Oak Ballroom, Third Floor
1600 West Loop South
Houston, TX 77027

Chair: Jack B. Moore
Vice Chair: Alonzo Cantu
Members: Gregory C. King
John A. McCall, Jr.
Ricky A. Raven
Tilman J. Fertitta, Ex Officio

- I. **Audit and Compliance Committee**
Presenter: Chair Jack Moore
- A. Call to Order
Presenter: Chair Jack Moore
- B. Approval of Minutes

- May 18, 2023, Audit & Compliance Committee Meeting
- Action:** Approval
- C. Report on University of Houston System, Institutional Compliance Hotline Report for the three months ended July 31, 2023, and Annual Compliance Initiative 3
- Action:** Information
- D. State Required Report - Employee Reporting of Incidents of Sexual Harassment, Sexual Assault, Dating Violence, and Stalking 12
- Action:** Information

E. Report on University of Houston System, Audit and Compliance Committee Charter and Checklist	20
 <u>Action:</u> Approval	
F. Report on University of Houston System, Audit and Compliance Committee Planner	28
 <u>Action:</u> Approval	
G. Report on University of Houston System, Internal Audit Reports	35
 <u>Action:</u> Information	
H. Report on University of Houston System, Annual Internal Audit Plan	47
 <u>Action:</u> Approval	

II. **Executive Session**

1. Consultation with System Attorney Regarding Legal Matters and/or contemplated Litigation or Settlement Offers
TEXAS GOV'T CODE SECTION 551.071
2. Deliberations regarding the Purchase, Exchange, Sale or Value of Real Property
TEXAS GOV'T CODE SECTION 551.072
3. Deliberations Regarding a Prospective Gift
TEXAS GOV'T CODE SECTION 551.073
4. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers, or Employees including but not limited to the Chancellor, Presidents, Vice Chancellors, in the Division of Athletics and members of the Board of Regents.
TEXAS GOV'T CODE SECTION 551.074
5. Confidentiality of government information related to security or infrastructure issues for computers.
TEXAS GOV'T CODE SECTION 552.139

III. **Report and Action from Executive Session**

Presenter: Chair Jack Moore

IV. **Adjourn**

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Institutional Compliance Hotline Report for the three months ended July 31, 2023, and Annual Compliance Initiative

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Institutional Compliance Hotline Report summarizes the fraud and non-compliance hotline reports received for each institution during the applicable quarter, including the primary issue associated with the reports. The report also details the annual compliance initiative for FY 2024.

SUPPORTING DOCUMENTATION: Institutional Compliance Hotline Report; Annual Compliance Initiative

FISCAL NOTE:

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



7/28/2023

SYSTEM-WIDE COMPLIANCE OFFICER Susan Koch

DATE



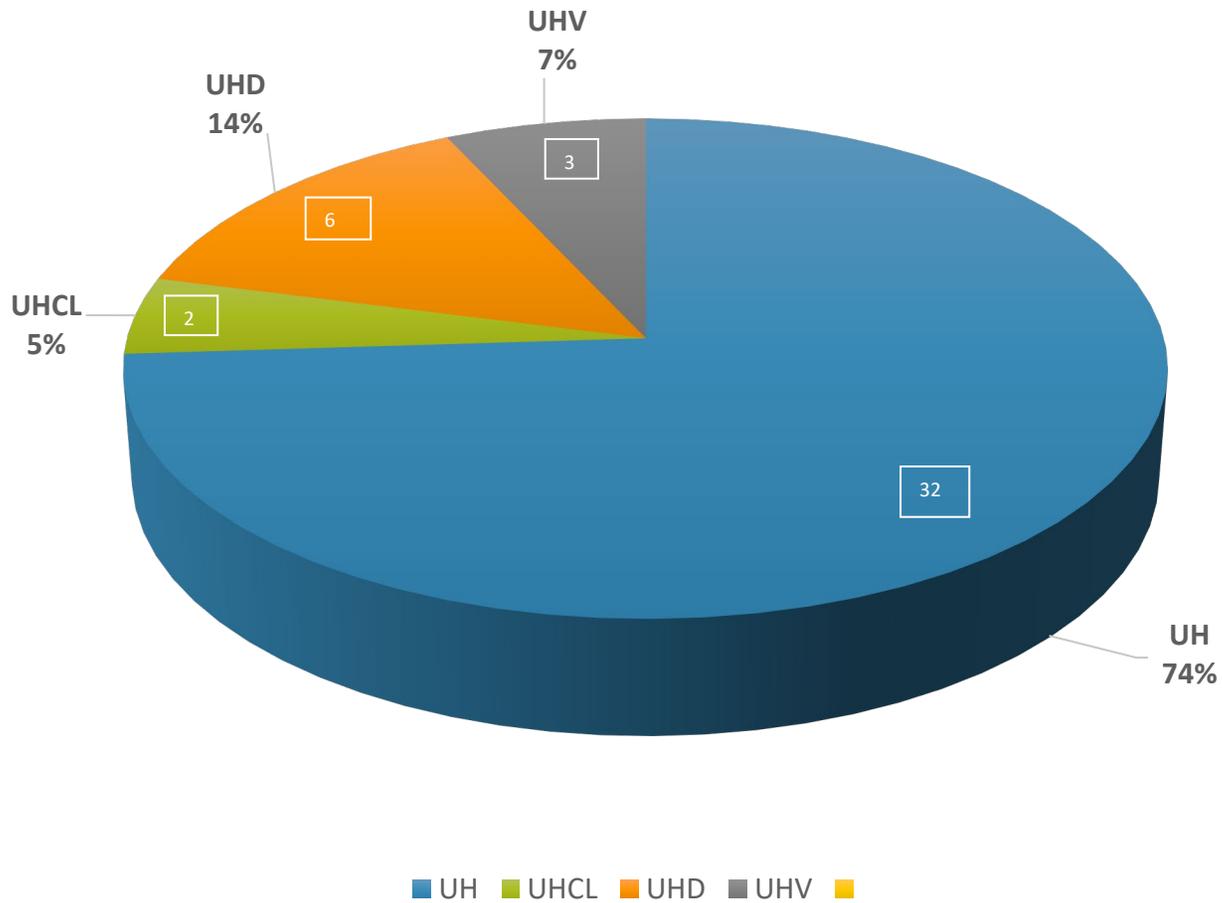
CHANCELLOR Renu Khator

8/17/2023
DATE

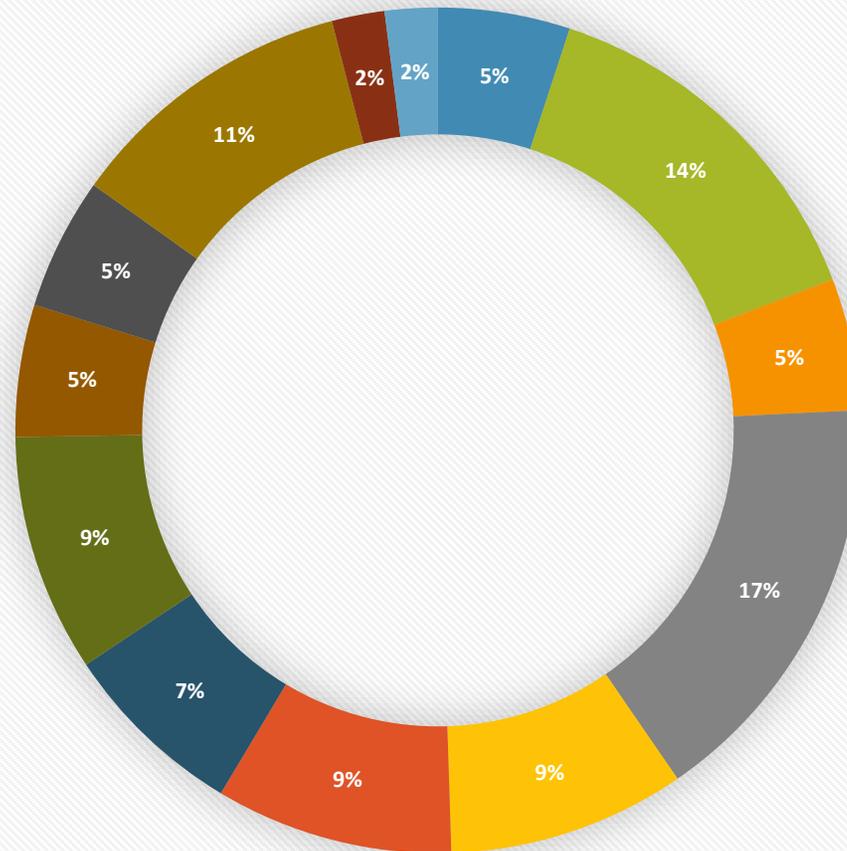
UNIVERSITY OF HOUSTON SYSTEM
Institutional Compliance Hotline Report for the three months ended July 31, 2023

Hotline reports for all Universities

Issues Reported by Institution

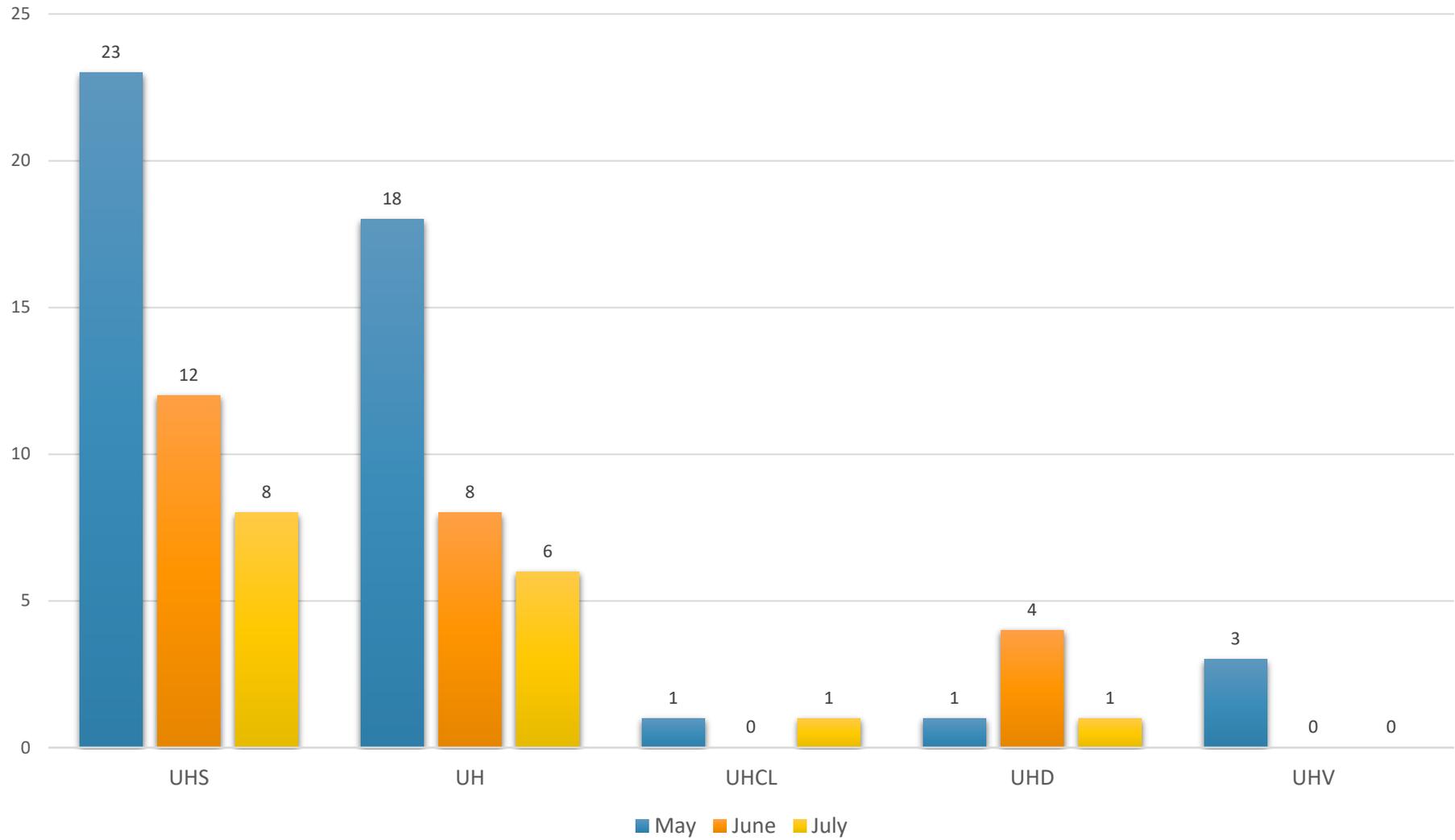


Reported Issues by Type Across UHS

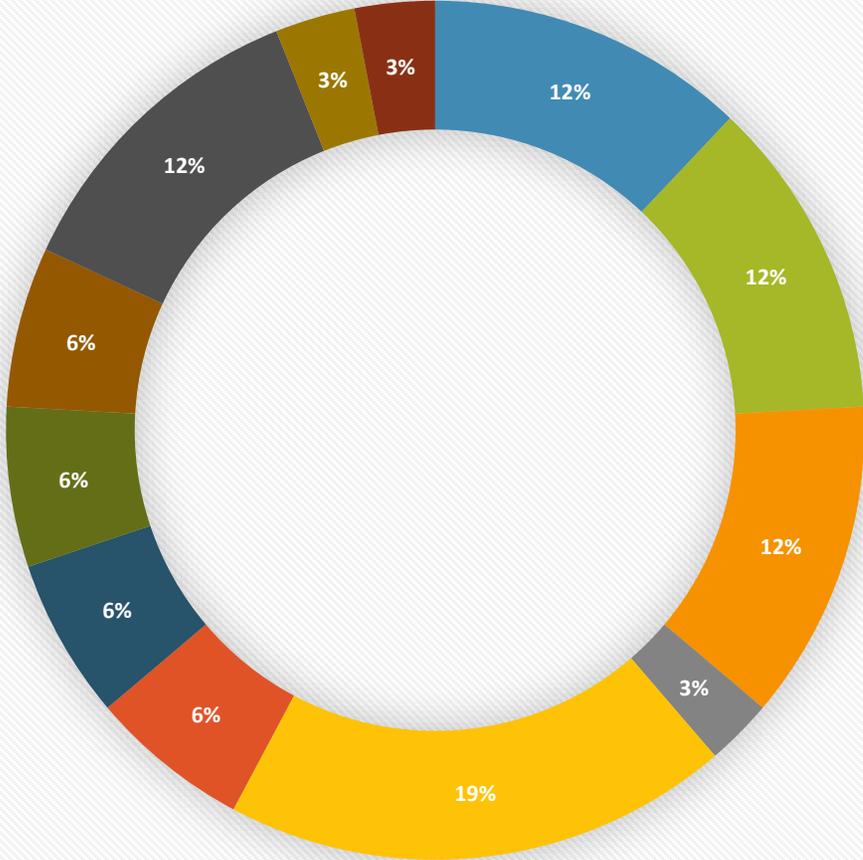


- | | | | | |
|---------------------|----------------------|-------------------------|----------------------|--------------|
| ■ Academic Concerns | ■ Abuse of Power | ■ Discrimination | ■ Employee Relations | ■ Harassment |
| ■ Sexual Misconduct | ■ Waste of Resources | ■ Compliance Violations | ■ Campus Safety | ■ Fraud |
| ■ Ethics Violation | ■ Theft | ■ Comp and Benefits | | |

Issues Reported by Month

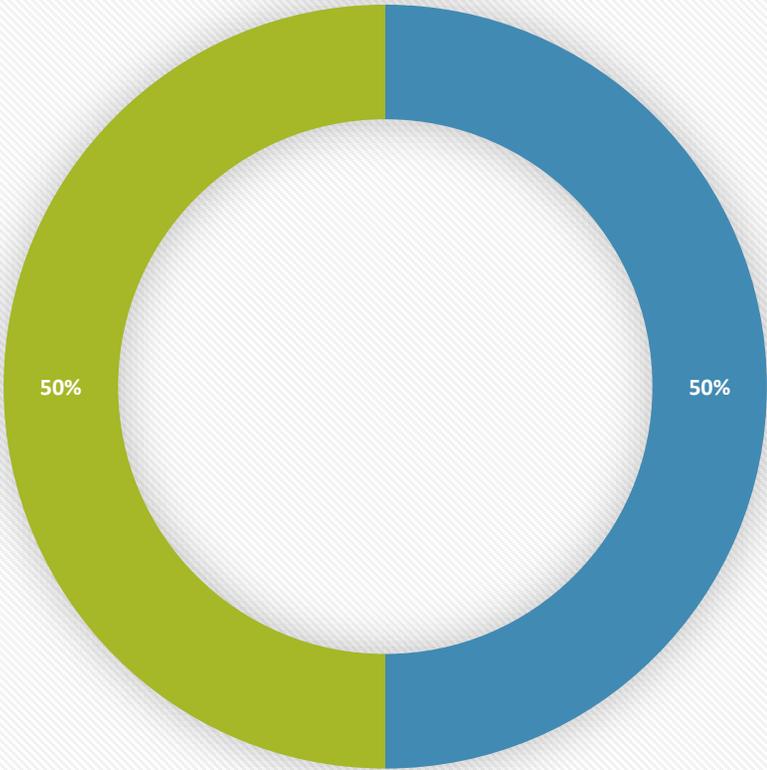


UH Case Breakdown



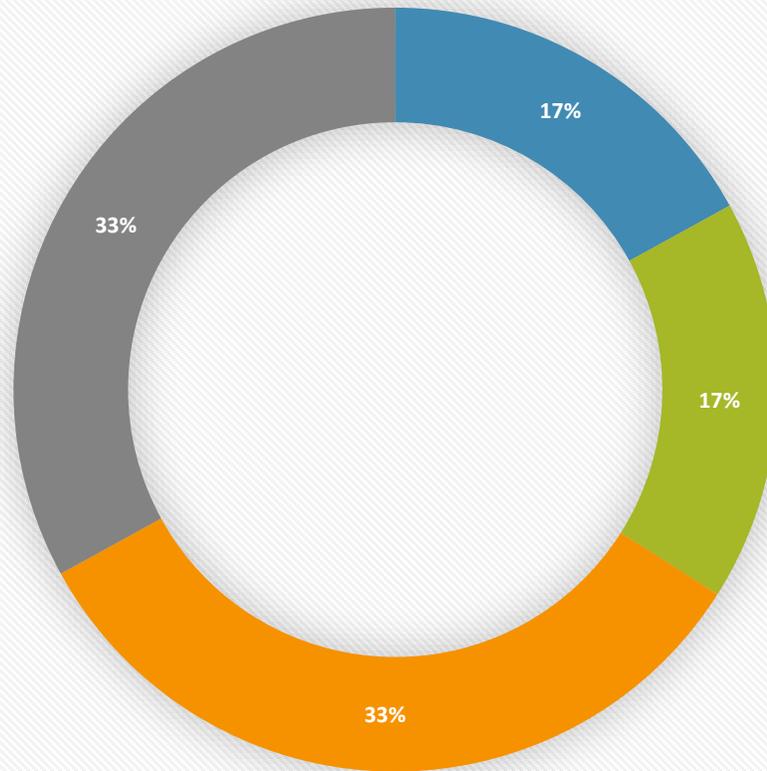
- Harassment
- Compliance Violation
- Employee Relations
- Campus Safety
- Abuse of Power
- Academic Concerns
- Sexual Misconduct
- Discrimination
- Fraud
- Ethics Violation
- Comp and Benefits
- Theft

UHCL Case Breakdown



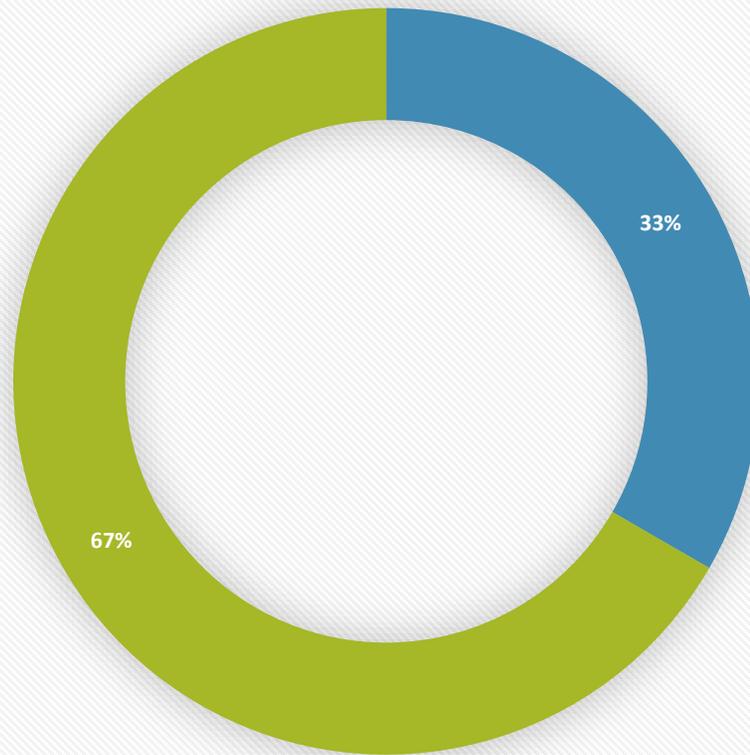
■ Waste of Resources ■ Campus Safety

UHD Case Breakdown



■ Waste of Resources ■ Ethics ■ Employee Relations ■ Sexual Misconduct

UHV Case Breakdown



■ Employee Relations ■ Ethics Violations

Annual Compliance Initiative

Research Security

New federal and state regulations (including NSPM-33 and SB 1565) require the protection of sensitive research and the maintenance of national security interests

- Implement processes, policies and protocols as a part of an overall research security program that promotes secure academic research while mitigating the risk of foreign influence
- Collaborative effort involving the Division of Research, Office of Compliance and Ethics, and IT Security

Research Security Program:

- **Cybersecurity controls**
 - IT Security outreach for proposal support for cybersecurity and technology
 - Technology infrastructure for researchers needing secure enclaves
 - Development of long-term strategy for IT infrastructure support for research compliance
- **Foreign travel security**
 - International travel controls
 - Disclosures/security briefings
 - Clean laptop program
- **Research security training**
- **Export control training**

Addition of 3 New Positions:

- Research Security Officer (DOR)
- Export Control Officer (OCE)
- Research Information Security Analyst (ITS)

New Policies:

- Board of Regents policy 42.03 (Research Security Program)
- University policies implementing a research security program System-wide

Export/Foreign Influence Controls:

- Foreign Influence Prevention/Research Security Task Force
- Export Control Management Plan
- Expanded restricted party screening
- Enhanced visa review
- Research security procedural filters for IP transfer, visa support, visiting delegations, procurement, international collaborations, and sponsored research

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: State Required Report – Employee Reporting of Incidents of Sexual Harassment, Sexual Assault, Dating Violence, and Stalking

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

This presentation provides an overview of annual data from state reporting mandates – Reporting Incidents of Sexual Harassment, Sexual Assault, Dating Violence, and Stalking.

SUPPORTING DOCUMENTATION: Report by Rebecca Lake, AVC/AVP, Equal Opportunity Services, UHS/UH

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



08/04/2023

CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

DATE



CHANCELLOR

Renu Khator

8/17/2023

DATE

Chief Executive Officer Report

TO: **University of Houston System – Board of Regents**
VIA: Rebecca Lake, Assistant VC/VP, Equal Opportunity Services
FROM: **Chancellor Renu Khator**, Chief Executive Officer, University of Houston System and University of Houston
President Loren Blanchard, Chief Executive Officer, University of Houston-Downtown
President Bob Glenn, Chief Executive Officer, University of Houston-Victoria
President Richard Walker, Chief Executive Officer, University of Houston-Clear Lake
DATE: August 9, 2023
RE: Chief Executive Officer Reporting Requirements under Tex. Educ. Code § 51.253(c)

Under the Texas Education Code (TEC), Section 51.253(c), the institution’s Chief Executive Officer is required to submit a data report at least once during each fall or spring semester to the institution’s governing body and post on the institution’s website a report concerning the reports that employees received under the TEC, Section 51.252, where the type of incident described in the employee’s report constitutes “sexual harassment,” “sexual assault,” “dating violence,” or “stalking” as defined in the TEC, Section 51.251, and any disciplinary actions taken under TEC, Section 51.255.

For the purpose of complying with the Chief Executive Officer’s reporting requirements under the TEC, Section 51.253(c), the attached summary data reports¹ (Appendices A-E) include all of the required reporting information to the **University of Houston System – Board of Regents** for the time period of **July 1, 2022 through June 30, 2023**.

The summary data report will also be posted on each campus’s Title IX webpage per the public reporting requirements under the TEC, Section 51.253(c).

Note: Any additional reports received by the Title IX Coordinator that do not meet the required reporting criteria in the TEC have been omitted. A glossary is included in Appendix F.

¹ When identifiable, duplicate reports were consolidated and counted as one report in the summary data. Confidential employee reporting is noted as a sub-set to the total number of reports received.

**Appendix A: University of Houston System
Summary Data Report
July 1, 2022 – June 30, 2023**

Texas Education Code, Section 51.252	
Number of reports* received under Section 51.252	8
Number of confidential reports under Section 51.252	--
Number of formal investigations conducted under Section 51.252**	0
Disposition of any disciplinary processes for reports under Section 51.252:	--
a. Concluded, No Finding of Policy Violation	--
b. Concluded, with Employee Disciplinary Sanction	--
c. Concluded, with Student Disciplinary Sanction	--
d. Pending formal investigation	--
e. SUBTOTAL	0
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	8 (1)
a. Unidentified or unaffiliated respondent	2
b. Confidential report (unidentified complainant)	--
c. Insufficient information to investigate	3 (1)
d. Complainant requested no investigation	--
e. Other administrative closure or informal resolution	1
f. Preliminary investigation pending	2

* Cases above include consolidated cases featuring multiple incoming reports.

** The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

Texas Education Code, Section 51.255	
Number of reports received that include allegations of an employee's failure to report or who submits a false report to the institution under Section 51.255(a)	--
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	Not applicable
a. Employee termination	--
b. Institutional intent to termination, in lieu of employee resignation	--

Cases in "(1)" were reported in a previous year but concluded in the current reporting year.

**Appendix B: University of Houston
Summary Data Report
July 1, 2022 – June 30, 2023**

Texas Education Code, Section 51.252	
Number of reports* received under Section 51.252	467
Number of confidential reports under Section 51.252	60
Number of formal investigations conducted under Section 51.252**	10 (6)
Disposition of any disciplinary processes for reports under Section 51.252:	--
a. Concluded, No Finding of Policy Violation	1 (4)
b. Concluded, with Employee Disciplinary Sanction	-- (1)
c. Concluded, with Student Disciplinary Sanction	-- (1)
d. Pending formal investigation	9
e. SUBTOTAL	10 (6)
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	457 (38)
a. Unidentified or unaffiliated respondent	205 (11)
b. Confidential report (unidentified complainant)	60
c. Insufficient information to investigate	161 (27)
d. Complainant requested no investigation	4
e. Other administrative closure or informal resolution	8
f. Preliminary investigation pending	19

* Cases above include consolidated cases featuring multiple incoming reports.

** The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

Texas Education Code, Section 51.255	
Number of reports received that include allegations of an employee's failure to report or who submits a false report to the institution under Section 51.255(a)	7
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	Not applicable
a. Employee termination	--
b. Institutional intent to termination, in lieu of employee resignation	--
c. Pending investigation	2

Cases in “()” were reported in a previous year but concluded in the current reporting year. Confidential reports may be duplicate reports as party identity cannot be compared.

**Appendix C: University of Houston-Clear Lake
Summary Data Report
July 1, 2022 – June 30, 2023**

Texas Education Code, Section 51.252	
Number of reports* received under Section 51.252	54
Number of confidential reports under Section 51.252	3
Number of formal investigations conducted under Section 51.252**	--
Disposition of any disciplinary processes for reports under Section 51.252:	--
a. Concluded, No Finding of Policy Violation	--
b. Concluded, with Employee Disciplinary Sanction	--
c. Concluded, with Student Disciplinary Sanction	--
d. Pending formal investigation	--
e. SUBTOTAL	--
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	54
a. Unidentified or unaffiliated respondent	26
b. Confidential report (unidentified complainant)	3
c. Insufficient information to investigate	6
d. Complainant requested no investigation	8
e. Other administrative closure or informal resolution	11
f. Preliminary investigation pending	0

* Cases above include consolidated cases featuring multiple incoming reports.

** The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

Texas Education Code, Section 51.255	
Number of reports received that include allegations of an employee's failure to report or who submits a false report to the institution under Section 51.255(a)	--
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	Not applicable
a. Employee termination	--
b. Institutional intent to termination, in lieu of employee resignation	--

Confidential reports may be duplicate reports as party identity cannot be compared.

**Appendix D: University of Houston-Downtown
Summary Data Report
July 1, 2022 – June 30, 2023**

Texas Education Code, Section 51.252	
Number of reports* received under Section 51.252	105
Number of confidential reports under Section 51.252	27
Number of formal investigations conducted under Section 51.252**	0
Disposition of any disciplinary processes for reports under Section 51.252:	--
a. Concluded, No Finding of Policy Violation	--
b. Concluded, with Employee Disciplinary Sanction	--
c. Concluded, with Student Disciplinary Sanction	--
d. Pending formal investigation	--
e. SUBTOTAL	0
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	105
a. Unidentified or unaffiliated respondent	60
b. Confidential report (unidentified complainant)	27
c. Insufficient information to investigate	16
d. Complainant requested no investigation	0
e. Other administrative closure or informal resolution	0
f. Preliminary investigation pending	2

* Cases above include consolidated cases featuring multiple incoming reports.

** The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

Texas Education Code, Section 51.255	
Number of reports received that include allegations of an employee's failure to report or who submits a false report to the institution under Section 51.255(a)	1
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	Not applicable
a. Employee termination	--
b. Institutional intent to termination, in lieu of employee resignation	--

Confidential reports may be duplicate reports as party identity cannot be compared.

**Appendix E: University of Houston-Victoria
Summary Data Report
July 1, 2022 – June 30, 2023**

Texas Education Code, Section 51.252	
Number of reports* received under Section 51.252	39 (1)
Number of confidential reports under Section 51.252	--
Number of formal investigations conducted under Section 51.252**	--
Disposition of any disciplinary processes for reports under Section 51.252:	--
a. Concluded, No Finding of Policy Violation	--
b. Concluded, with Employee Disciplinary Sanction	--
c. Concluded, with Student Disciplinary Sanction	--
d. Pending formal investigation	--
e. SUBTOTAL	--
Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process:	39 (1)
a. Unidentified or unaffiliated respondent	20
b. Confidential report (unidentified complainant)	--
c. Insufficient information to investigate	18 (1)
d. Complainant requested no investigation	1
e. Other administrative closure or informal resolution	--
f. Preliminary investigation pending	--

* Cases above include consolidated cases featuring multiple incoming reports.

** The Title IX Coordinator conducts a preliminary investigation into all reports received under Section 51.252. A formal investigation indicates a formal complaint was filed, followed by a full investigation and disciplinary process, if applicable.

Texas Education Code, Section 51.255	
Number of reports received that include allegations of an employee's failure to report or who submits a false report to the institution under Section 51.255(a)	(1)
Any disciplinary action taken, regarding failure to report or false reports to the institution under Section 51.255(c):	Not applicable
a. Employee termination	--
b. Institutional intent to termination, in lieu of employee resignation	--

Cases in “()” were reported in a previous year but concluded in the current reporting year.

Appendix F: Glossary

<p>Number of reports received under Section 51.252</p>	<p>Reports made by students and all other non-employees (including incidents under 3.5(d)(3)) are excluded from Appendices A through E. Additionally, if a Title IX Coordinator determines that the type of incident described in a report, as alleged, does not constitute “sexual harassment,” “sexual assault,” “dating violence,” or “stalking” as defined in the TEC, Section 51.251, the report is excluded from Appendices A through E. It is the responsibility of the Title IX Coordinator to assess each report received and determine whether it is properly included in this report, and if so, to correctly identify the type of incident.</p>
<p>Number of confidential reports under Section 51.252</p>	<p>“Number of confidential reports” is a sub-set of the total number of reports that were received under Section 51.252, by a confidential employee or office (e.g., Student Counseling Services or Student Health Services).</p>
<p>Disposition of any disciplinary processes for reports under Section 51.252</p>	<p>“Disposition” means “final result under the institution’s disciplinary process” as defined in the Texas Higher Education Coordinating Board’s (THECB) rules for the TEC, Section 51.259 [See 19 Texas Administrative Code, Section 3.6(3) (2019)]; therefore, pending disciplinary processes will not be listed until the final result is rendered.</p>
<p>Formal Investigation</p>	<p>Per the UH-System Policy, a formal investigation is initiated when the complainant or University files a formal complaint against the respondent.</p>
<p>No Finding of Policy Violation</p>	<p>“No Finding of a Policy Violation” refers to instances where there is no finding of responsibility based on either a formal complaint dismissal or the completion of a formal investigation, as well as the appeal process.</p>
<p>Number of reports under Section 51.252 for which the institution determined not to initiate a disciplinary process</p>	<p>The institution may have determined “not to initiate a disciplinary process.” The reasons for not initiating a discipline process can include, but are not limited to: administrative closure; insufficient information to investigate; confidential employee reporting (no identifiable complainant information); the respondent’s identity was unknown or not reported; the respondent was not university-affiliated; the complainant requested the institution not investigate the report; informal resolution was completed; or the investigation is ongoing.</p>

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Audit and Compliance Committee Charter and Checklist

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Attached for your review and approval is the Audit and Compliance Committee Charter and Checklist. The Audit and Compliance Committee Charter and Checklist are recommended guidelines for the operation of the Audit & Compliance Committee. The Board of Regents Bylaw 5.2.1 and the Audit and Compliance Committee Charter and Checklist, item number 26, requires an annual review and update. There are no suggested changes to this document.

SUPPORTING DOCUMENTATION: Audit and Compliance Committee Charter and Checklist

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston System



08/04/2023

CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

DATE



CHANCELLOR

Renu Khator

8/17/2023

DATE

University of Houston System

Audit & Compliance Committee Charter of the Board of Regents of The University of Houston System

Role

The Audit & Compliance Committee (“the Committee”) of the Board of Regents (“the Board”) of The University of Houston (“U. H.”) System assists the Board in fulfilling its responsibilities for:

- ◆ Oversight of the quality and integrity of the accounting and financial reporting practices, including the annual financial statements, and the system of internal controls;
- ◆ Oversight and direction of the internal auditing function, any external auditors or other outside expertise whom the Committee may employ, and engagements with the State Auditor;
- ◆ Oversight and direction for the System-wide institutional compliance function;
- ◆ Oversight of the review of effective institutional management practices which provide for effective risk management, accountability and stewardship at all U. H. System components; and
- ◆ Other duties as directed by the Board.

The Committee’s role includes a particular focus on U. H. System’s processes to manage business and financial risk, and for compliance with significant applicable legal, ethical, and regulatory requirements.

Membership

The membership of the Committee shall consist of not less than three regents, nor more than four. The Committee will have a committee chair, vice chair, and one or two additional regents, all of whom shall be appointed by the chair of the board. The chair of the board will serve as ex-officio for the Committee and will count for purposes of determining a quorum. A quorum is three for the Committee. One to four advisory members may be appointed to the Committee with the unanimous approval of the chair of the board, the chancellor, and the chair of the Committee. The advisory members will serve one-year terms from September 1 through August 31 and may be reappointed each year. Advisory members will not have voting authority.

Reporting

The Chief Audit Executive, System-wide Compliance Officer, and executive management shall provide periodic reports related to audit, compliance, and management review to the Committee. Any public accounting firm or other outside expertise employed by the Committee shall report directly to the Committee. The State Auditor’s reports will be submitted to this committee. The Committee is expected to maintain free and open communications, which shall include private

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executive sessions, at least annually, with these parties, as it deems appropriate and is permitted by law.

The Committee chairperson shall regularly report Audit & Compliance Committee activities to the full Board of Regents, particularly with respect to:

- (i.) any issues that arise regarding compliance with legal or regulatory requirements and the performance and independence of internal and external auditing and assurance functions; and
- (ii.) such other matters as are relevant to the Committee's discharge of its responsibilities.

Education

U. H. System executive management is responsible for providing the Committee with educational resources related to accounting principles and procedures, risk management, and other information that may be requested by the Committee. U. H. System executive management shall assist the Committee in maintaining appropriate financial and compliance literacy.

Authority

The Committee, in discharging its oversight role, is empowered to study or investigate any matter related to audit, compliance, and management of interest or concern that the Committee, in its sole discretion, deems appropriate for study or investigation by the Committee. The Committee shall be given full access to all U. H. System employees and operations as necessary to carry out this authority. The Committee through its chair is authorized to engage outside expertise, to the extent permitted by applicable law, should it choose to do so.

Responsibilities

The Committee's specific responsibilities in carrying out its oversight role are delineated in the Audit & Compliance Committee Responsibilities Checklist. The responsibilities checklist will be updated annually by the Committee to reflect changes in regulatory requirements, authoritative guidance, and evolving oversight practices. As the compendium of Committee responsibilities, the most recently updated responsibilities checklist will be considered to be an addendum to this charter.

The Committee relies on the expertise and knowledge of management, the internal auditors, the State Auditor, and any public accounting firm or other outside expertise they may employ in carrying out its oversight responsibilities. U. H. System executive management is responsible for preparing complete and accurate financial statements and for monitoring internal controls and compliance with all applicable laws, regulations, and internal policies and procedures. Any public accounting firm or other outside expertise hired by the Committee is responsible for performing the services specified in the hiring contract.

University of Houston System

CHECKLIST

Responsibilities Checklist for the Audit & Compliance Committee of the Board of Regents of The University of Houston System

1. The Committee will perform such other functions as assigned by law or the Board of Regents of The University of Houston System (“the Board”).
2. The Committee shall meet four times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary.
3. The agenda for Committee meetings will be prepared in consultation between the Committee chair (with input from the Committee members), U. H. System executive management, the Chief Audit Executive, and the System-wide Compliance Officer.
4. The Committee shall verify that its membership is familiar with the Committee’s Charter, goals, and objectives.
5. The Committee shall review the independence of each Committee member based on applicable independence laws and regulations.
6. The Committee shall review and approve the appointment or change in the Chief Audit Executive.
7. The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
8. The Committee shall provide an open avenue of communication between the State Auditor, internal auditors, any public accounting firm or other outside expertise employed, executive management, and the Board. The Committee chairperson shall report Committee actions to the Board with such recommendations as the Committee may deem appropriate.
9. For the purpose of preparing or issuing an audit report or related work, the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any employed public accounting firm (including the resolution of disagreements between management and the auditor regarding financial reporting) or

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other outside expertise. This does not preclude an individual component institution from hiring a public accounting firm to perform work at the component level.

10. The Chief Audit Executive has responsibility for ensuring that no conflicts of interest exist between public accounting firms performing consulting services and firms conducting financial statement audits. The Chief Audit Executive shall report annually on the status and integrity of U. H. System's engagements with public accounting firms.
11. The Committee shall review with executive management, the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm the coordination of efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of resources.
12. The Committee shall inquire of executive management, the Chief Audit Executive, the System-wide Compliance Officer, and any employed public accounting firm or other outside expertise about significant risks or exposures and assess the steps management has taken to minimize such risk to U. H. System.
13. The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm or other outside expertise:
 - a. The adequacy of U. H. System's internal controls including computerized information system controls and security;
 - b. The adequacy and efficiency of senior-level management with respect to fiscal operations and compliance functions at all component institutions;
 - c. Any related significant findings and recommendations of the State Auditor, independent public accountants, and internal audit together with management's responses thereto.
14. Regarding the U.H. System's financial statements, the Committee shall review with executive management and/or the Chief Audit Executive:
 - a. U. H. System's annual financial statements and related footnotes;
 - b. Any audit and assurance work performed on components of the annual financial statements;
 - c. Any significant changes to the financial statements requested by the State Auditor, internal audit, or any independent public accountants;
 - d. Any serious difficulties or disputes with management encountered during assurance work on components of the financial statements;

University of Houston System

- e. Other matters related to the conduct of assurance services that are to be communicated to the Committee under generally accepted government auditing standards.
15. The Committee shall require the U. H. System Chancellor and U.H. System Chief Financial Officer certify the annual financial statements for the U. H. System as a whole, and that each component President and Chief Financial Officer certify the annual financial statements for their respective component institution.
16. The Committee shall review legal and regulatory matters that may have a material impact on the financial statements, internal auditing and/or compliance activities.
17. The Committee shall review with executive management and the Chief Audit Executive at least annually U. H. System's critical accounting policies, including any significant changes to Generally Accepted Accounting Procedures (GAAP), Regents' Bylaws and Policies, and/or operating policies or standards.
18. On an annual basis, the Committee shall review, recommend, and approve the annual audit plan, including the allocation of audit hours and internal audit budget and staffing.
19. Regarding audits, the Committee shall consider and review with executive management and the Chief Audit Executive:
 - a. Significant findings during the year and management's responses thereto;
 - b. Any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information;
 - c. Any changes required in the planned scope of the audit plan.
20. The Committee shall conduct an annual performance review and evaluation of the Chief Audit Executive.
21. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding internal controls or auditing matters; and the confidential anonymous submission by employees of concerns regarding questionable auditing matters.
22. The Committee shall monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including:
 - a. Significant institutional risks identified during the year and mitigating actions taken;

University of Houston System

- b. Significant findings during the year and management's responses thereto;
 - c. Any difficulties encountered in the course of inspections or assurance activities, including any restrictions on the scope of work or access to required information;
 - d. Any changes required in planned scope of the compliance action plan.
23. The Committee shall conduct an annual review of the ethics and conflict of interest policies of the Board and each of the universities and receive a status update on the annual regent certification statements.
24. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding compliance issues and the confidential anonymous submission by employees of concerns regarding ethically or legally questionable matters.
25. The Committee shall meet with the Chief Audit Executive, the System-wide Compliance Officer, executive management, or any employed external auditors or other outside expertise in executive session to discuss any matters that the Committee or the before named believe should be discussed privately with the Committee, to the extent permitted by applicable law.
26. The Committee shall review and update the Audit & Compliance Committee Responsibilities Checklist annually.
27. The Committee shall conduct an annual review of the report on compliance of each support organization.
28. The Committee shall receive an annual fraud prevention and awareness report which summarizes the fraud risk analyses and related risk mitigation strategies.
29. The Committee shall receive an annual report of all activities of the Identity Theft Prevention program.
30. The Committee shall receive an annual report to the Board listing all professional services and consulting contracts to a single entity greater than \$250,000 and for all other procurements (except investment agreements) where total compensation for system-wide sources to a single entity is expected to exceed \$1,000,000.
31. The Committee shall receive an annual report on the activities of the Internal Auditing Department in the format prescribed by the State Auditor's Office (Texas Government Code 2102.009).

University of Houston System

32. The Committee shall receive an audit report on the safety and security of the institution's facilities at least once every three years (Texas Education Code 51.217).

Last reviewed ~~08/25/22~~ 08/23/23

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Audit and Compliance Committee Planner

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The Audit and Compliance Committee Planner lists all actions required of the Audit and Compliance Committee with recommended schedules for these activities. Item 2.04 of the Planner requires the Audit and Compliance Committee to approve the Planner for the upcoming year.

SUPPORTING DOCUMENTATION: Audit and Compliance Committee Planner

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston System



08/04/2023

CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

DATE



CHANCELLOR

Renu Khator

DATE

8/17/2023

University of Houston System Audit & Compliance Committee Planner

Item	Frequency	Jan- Mar	Apr- Jun	Jul- Sep	Oct- Dec
Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.	Q - Quarterly A - Annually AN - As needed				

1. General & Administrative:						
.01	Meet four times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary. (2)	Q	X	X	X	X
.02	Prepare agenda for Committee meetings in consultation between the Committee chair (with input from the Committee members), U. H. System executive management, the Chief Audit Executive, and the System-wide Compliance Officer. (3)	Q	X	X	X	X
.03	Approve minutes of previous meeting.	Q	X	X	X	X
2. Audit & Compliance Committee:						
.01	Verify that membership is familiar with the Committee's Charter, goals, and objectives. (4)	AN				
.02	Review the independence of each Committee member based on applicable independence laws and regulations. (5)	AN				
.03	Review and update the Audit & Compliance Committee Charter and Responsibilities Checklist annually. (26)	A			X	
.04	Approve Audit & Compliance Committee planner for upcoming year.	A			X	
.05	Provide orientation for new members.	AN				
.06	Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. (7)	AN				
.07	Provide an open avenue of communication between the State Auditor, internal auditors, any public accounting firm or other outside expertise employed, executive management, and the Board. The Committee chairperson shall report Committee actions to the Board with such recommendations as the Committee may deem appropriate. (8)	AN				
3. Audit:						
.01	Review and approve the appointment or change in the Chief Audit Executive. (6)	AN				
.02	Conduct an annual performance review and evaluation of the Chief Audit Executive. (20)	A		X		
.03	Review Board of Regents policies on Internal Audit and Institutional Compliance; approve any changes.	A	X			
.04	Review, recommend, and approve the annual audit plan, including the allocation of audit hours and internal audit budget and staffing. (18)	A			X	

University of Houston System Audit & Compliance Committee Planner

Item		Frequency Q - Quarterly A - Annually AN - As needed	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.						
.05	Consider and review with executive management and the Chief Audit Executive any changes required in the planned scope of the audit plan. (19c)	AN				
.06	Review the status of actual work performed relative to the approved annual plan.	Q A	X	X	X	X X
.07	Review with executive management, the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm the coordination of efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of resources. (11)	AN				
.08	Review the effectiveness of the internal audit function including compliance with <u>The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing</u> and the Texas Internal Auditing Act.	At least every 3 years				
.09	For the purpose of preparing or issuing an audit report or related work, the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any employed public accounting firm (including the resolution of disagreements between management and the auditor regarding financial reporting) or other outside expertise. This does not preclude an individual component institution from hiring a public accounting firm to perform work at the component level. (9)	AN				
.10	Review the external Auditors' proposed audit scope and approach (for audits and consulting projects), including coordination of audit effort with internal audit.	AN				
.11	Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.	AN				
.12	Regarding the U.H. System's financial statements, the Committee shall review with executive management and/or the Chief Audit Executive: a. U. H. System's annual financial statements and related footnotes; b. Any audit and assurance work performed on components of the annual financial statements; c. Any significant changes to the financial statements requested by the State Auditor, internal audit, or any independent public accountants; d. Any serious difficulties or disputes with management encountered during assurance work on components of the financial statements; e. Other matters related to the conduct of assurance services that are to be communicated to the Committee under generally accepted government auditing standards. (14)	A	X			

University of Houston System Audit & Compliance Committee Planner

Item		Frequency Q - Quarterly A - Annually AN - As needed	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.						
.13	The Committee shall require the U. H. System Chancellor and U.H. System Chief Financial Officer certify the annual financial statements for the U. H. System as a whole, and that each component President and Chief Financial Officer certify the annual financial statements for their respective component institution. (Effective 2/1/07) (15)	A	X			
.14	Review legal and regulatory matters that may have a material impact on the financial statements, internal auditing and/or compliance activities. (16)	AN				
.15	Review with executive management and the Chief Audit Executive at least annually U. H. System's critical accounting policies, including any significant changes to Generally Accepted Accounting Procedures (GAAP), Regents' Bylaws and Policies, and/or operating policies or standards. (17)	A	X			
.16	Regarding audits, the Committee shall consider and review with executive management and the Chief Audit Executive any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information. (19b)	AN				
.17	The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm or other outside expertise any related significant findings and recommendations of the State Auditor, independent public accountants, and internal audit together with management's responses thereto. (13c) & (19a)	Q	X	X	X	X
.18	The Chief Audit Executive has responsibility for ensuring that no conflicts of interest exist between public accounting firms performing consulting services and firms conducting financial statement audits. The Chief Audit Executive shall report annually on the status and integrity of The University of Houston System's engagements with public accounting firms. (10)	AN				
.19	The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding internal controls or auditing matters; and the confidential anonymous submission by employees of concerns regarding questionable auditing matters. (21)	Q	X	X	X	X
.20	The Committee shall receive an annual report on the activities of the Internal Auditing Department in the format prescribed by the State Auditor's Office (Texas Government Code 2102.009). (31)	A				X
4. Compliance:						
.01	Review the annual compliance plan completed by the Compliance Officer and/or Compliance Office.	A			X	

University of Houston System Audit & Compliance Committee Planner

Item Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.	Frequency Q - Quarterly A - Annually AN - As needed	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
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.02	Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including significant institutional risks identified during the year and mitigating actions taken. (22a)	Q	X	X	X	X
.03	Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including significant findings during the year and management's responses thereto. (22b)	Q	X	X	X	X
.04	Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including any difficulties encountered in the course of inspections or assurance activities, including any restrictions on the scope of work or access to required information. (22c)	Q	X	X	X	X
.05	Monitor The University of Houston System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including any changes required in planned scope of the compliance action plan. (22d)	Q	X	X	X	X
.06	The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding compliance issues and the confidential anonymous submission by employees of concerns regarding ethically or legally questionable matters. (24)	Q	X	X	X	X
.07	The Committee shall conduct an annual review of the ethics and conflict of interest policies of the Board and each of the universities and receive a status update on the annual regent certification statements. (23)	A				X
.08	The Committee shall conduct an annual review of the report on compliance of each support organization. (27)	A		X		

5. Other:						
.01	The Committee shall meet with the Chief Audit Executive, the System-wide Compliance Officer, executive management, or any employed external auditors or other outside expertise in executive session to discuss any matters that the Committee or the before named believe should be discussed privately with the Committee, to the extent permitted by applicable law. (25)	A & AN				X

University of Houston System Audit & Compliance Committee Planner

Item		Frequency	Jan- Mar	Apr- Jun	Jul- Sep	Oct- Dec
Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.		Q - Quarterly A - Annually AN - As needed				
.02	Inquire of and discuss with executive management, the Chief Audit Executive, and the System-wide Compliance Officer any instances of fraud, errors, and illegal acts.	AN				
.03	The Committee shall inquire of executive management, the Chief Audit Executive, the System-wide Compliance Officer, and any employed public accounting firm or other outside expertise about significant risks or exposures and assess the steps management has taken to minimize such risk to The University of Houston System. (12)	A			X	
.04	The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm or other outside expertise: a. The adequacy of U. H. System's internal controls including computerized information system controls and security; and b. The adequacy and efficiency of senior-level management with respect to fiscal operations and compliance functions at all component institutions. (13a & b)	A		X		
.05	The Committee shall evaluate management's identification of fraud risks, the implementation of antifraud prevention and detection measures, and the creation of the appropriate "tone at the top" by reviewing an annual report which summarizes the fraud risk analyses and related risk mitigation strategies. (28)	A				X
.06	The Committee shall receive an annual report of the Identity Theft Prevention program. (29)	A				X
.07	The Committee shall receive an annual procurement report. (30)	A				X
.08	The Committee shall receive an audit report on the safety and security of the institution's facilities at least once every three years (Texas Education Code 51.217) (32)	Every 3 years	X			

Legend:

Q - Quarterly
A - Annually
AN - As Needed

Frequency indicates a minimum requirement. If issues arise that require attention, they should be addressed regardless of the frequency or time period indicated.

X - indicates the month/s in which the activity occurs

(#'s)

The numbers noted in parenthesis at the bottom right of the item description refer to the number of the item in the Responsibilities Checklist for the Audit & Compliance

University of Houston System Audit & Compliance Committee Planner

Item Note: (#'s) The numbers noted in parenthesis at the bottom right of the item description refer to the number in the Responsibilities Checklist for the Audit & Compliance Committee.	Frequency Q - Quarterly A - Annually AN - As needed	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
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Committee (AC Checklist).

Last reviewed ~~08/25/22~~ 08/23/23

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Internal Audit Reports

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

The FY 2023 Internal Audit Activity as of August 23, 2023, and Internal Audit Reports issued since the May 18, 2023, Audit & Compliance Committee meeting of the Board of Regents of the University of Houston System are provided.

The Internal Audit Reports included will be filed with the Governor's Office of Budget, Planning, and Policy; the State Auditor's Office; and the Legislative Budget Board, within the next 30 days, as required by the Texas Government Code, Section 2102.0091.

SUPPORTING

DOCUMENTATION: Internal Audit Activity and Internal Audit Reports

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** Information

COMPONENT: University of Houston System



08/04/2023

CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

DATE



CHANCELLOR

Renu Khator

DATE

8/17/2023

Report to the Audit and Compliance Committee
of the University of Houston System
Board of Regents
August 23, 2023

UNIVERSITY OF HOUSTON SYSTEM
INTERNAL AUDITING DEPARTMENT

FY23 INTERNAL AUDIT ACTIVITY
since May 18, 2023

and

INTERNAL AUDIT REPORTS

AR2023-14 Contracts Requiring Board of Regents' Approval
AR2023-15 Texas Education Code §51.9337 Compliance

Note: This internal audit report is submitted to the Board of Regents and the Chancellor for their review in order to comply with the Board of Regents policy and the Texas Government Code, Section 2102.008. This internal audit report is also submitted to the Governor's Office of Budget, Planning, and Policy; the State Auditor; and the Legislative Budget Board in order to comply with the Texas Government Code, Section 2102.0091.

FY23 Internal Audit Activity

Since May 18, 2023 Board of Regents Meeting

Audits Completed

- Contracts Requiring Board of Regents Approval (UHS)
AR2023-01 AR2023-10 AR2023-08 AR2023-14
- Board of Regents Travel and Entertainment FY22
AR2023-02
- Chancellor/President's Travel and Entertainment FY22 (UHS/UH)
AR2023-03
- UHCL President's Travel and Entertainment FY22
AR2022-04
- UHD President's Travel and Entertainment FY22
AR2023-05
- UHV President's Travel and Entertainment FY22
AR2023-06
- UHCL Research Governance and Process Overview
AR2023-07
- UH Education Research Center
AR2023-09
- UHV Travel Expense
AR2023-12
- UHCL Procurement Card Management
AR2023-13
- UHS Compliance with Education Code 51.9337
AR2023-15
- UH Research Governance & Process Overview
ES 8-24-2023 Internal Audit 08/23/23

Special Projects Completed

- UHS Institutional Compliance Fraud and Non-Compliance Hotline Reports (~23)
- UH/UHD Formula Funding issue – referred by THECB

Audits in Progress

- Travel Expense (UH, UHCL, and UHD)
- Board of Regents Travel and Entertainment FY23
- President's Travel and Entertainment FY23 (UH, UHCL, UHD and UHV)
- Contracts Requiring Board of Regents Approval (UHS)
- Procurement Card Management (UH, UHD, and UHV)
- Research Lab Safety (UH, UHCL, UHD, and UHV)

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Special Projects in Progress

- UHS Institutional Compliance Fraud and Non-Compliance Hotline (Varies per FY)
- UH information security (multiple reports)
- UHCL Apartment Contract
- UH Bursar's Office
- UH College of Business
- UH College of Medicine
- UH Financial Aid

Audits in Planning

- UH Education Research Center
- UH Minors on Campus (replaced NCAA Rules Compliance)
- UHV Scholarships

Cancelled Audits

- UH Football Attendance
- Compliance Program Analysis (UH, UHCL, UHD, and UHV)
- Benefits Proportionality (UHS, UH, UHCL, UHD, and UHV)



Report to the Audit and Compliance Committee of the
UHS Board of Regents on:

CONTRACTS REQUIRING BOARD OF REGENTS APPROVAL
AR2023-14

UNIVERSITY of **HOUSTON** SYSTEM

INTERNAL AUDITING DEPARTMENT



UNIVERSITY OF HOUSTON SYSTEM
Internal Auditing Department
Houston, Texas 77204-0930
(713)743-8000
Fax: (713)743-8015

MEMORANDUM

TO: Mr. Jack B. Moore
Chair, Audit and Compliance Committee

Dr. Renu Khator
Chancellor/President, UHS/UH

FROM: Phillip W. Hurd
Chief Audit Executive

DATE: July 13, 2023

SUBJ: Internal Audit Report – Contracts Requiring Board of Regents Approval

I have attached for your review the final draft of the above referenced internal audit report. This report has been distributed to/discussed with key personnel of the University of Houston System. This report is summarized as follows:

Executive Summary:

The internal audit review of procurement of contracts requiring Board of Regents approval covers the time period from April 1, 2023, through June 30, 2023. For each project, we review the following: 1. the solicitation documents posted on the State Comptroller's Electronic State Business Daily, the solicitation requirements checklist, subcontracting probability form, and the HUB subcontracting compliance form to determine whether the appropriate evaluation criteria was used by the Purchasing Department/selection team evaluation members; 2. the Purchasing Department's compilation of the selection team members' rankings of RFQ / RFP for clerical accuracy and agreement of evaluation criteria to RFQ / RFP and evaluation criteria provided to selected firms in instances where RFP's were not applicable; 3. the Purchasing Department's recommendation of RFQ / RFP evaluations to the VC/VP for reasonableness; 4. the VC/VP evaluation of the Purchasing Department's recommendation of RFQ / RFP for reasonableness; 5. the invitation to bid or sole source justification form, if applicable, for reasonableness/completion. We noted no unusual items or other matters that we considered non-compliant with university policies and procedures or state statutes.

This audit report is scheduled to be included in the agenda materials for the August 24, 2023 meeting of the Audit and Compliance Committee of the Board of Regents. Please let me know if you have any questions.

Attachments

University of Houston System
Internal Auditing Department
Contracts Requiring Board of Regents Approval
April 1, 2023 through June 30, 2023

Background: UHS procures construction services under the provisions of the Texas Education Code, Sections 51.778 – 51.785. These statutes address the following construction contract methods: Design-Build, Construction Manager-Agent, Construction Manager-At-Risk, Construction Services through Competitive Sealed Proposals and Job Order Contracts. The UHS Facilities, Planning and Construction Department and the Purchasing Department have developed policies and procedures to help ensure compliance with these statutes. For major construction projects, UHS primarily uses the Design-Build and Construction Manager-At-Risk contract methods. The Internal Auditing Department reviews the construction RFQ / RFP evaluation process on an ongoing basis. The Internal Audit Department also reviews the procurement process for other contracts requiring Board of Regents approval (RFQ/RFP, Invitation to Bid, and Sole Source).

Objective: The objectives of this review are to determine whether UHS is complying with its policies and procedures and the Texas Education Code in selecting its contractors for its major construction projects and other contracts requiring Board of Regents approval.

Scope of Work: The internal audit review of procurement of construction and other contracts requiring Board of Regents approval covers the time period from April 1, 2023 through June 30, 2023.

Audit Procedures: For each solicitation we review the following:

1. The solicitation documents posted on the State Comptroller’s Electronic State Business Daily and the solicitation requirements checklist and subcontracting probability form and HUB subcontracting compliance form to determine whether the appropriate evaluation criteria was used by the Purchasing Department/selection team evaluation members.
2. The Purchasing Department’s compilation of the selection team members’ rankings of RFQ / RFP for clerical accuracy and agreement of evaluation criteria to RFQ / RFP and evaluation criteria provided to selected firms in instances where RFP’s were not applicable.
3. The Purchasing Department’s recommendation of RFQ / RFP evaluations to the VC/VP for reasonableness.
4. The VC/VP evaluation of the Purchasing Department’s recommendation of RFQ / RFP for reasonableness.
5. The invitation to bid or sole source justification form, if applicable, for reasonableness/completion.

Appendices: Attached is an analysis of internal audit activity related to the construction projects and other contracts requiring Board of Regents approval award evaluations (Appendix 1), the Purchasing Department Flowchart for major construction projects (Appendix 2), the Purchasing Department Flowchart for other contracts requiring board approval (Appendix 3).

Conclusion: We noted no unusual items or other matters that we considered non-compliant with university policies and procedures or state statutes.



Phillip W. Hurd
Chief Audit Executive
June 30, 2023

Contracts Requiring Board of Regents Approval
Internal Audit Activity
April 1, 2023 to June 30, 2023

<u>Project or Contract Description</u>	<u>Solicitation Type</u>	<u>(\$ Millions)</u> <u>Amount</u>	<u>BOR Approval</u>		<u>Internal Audit Review</u>	
			<u>FCMP Comm. (Scope) Date</u>	<u>F&A Comm. (Financing) Date</u>	<u>Initiated</u>	<u>Completed</u>
<u>Construction Projects \$10 Million and Over</u>						
UH - AE Hobby School of Public Affairs	RFQ	52.0	2/24/2022	2/24/2022	✓	✓
UHV - Health & Wellness Center Phase 1 at UHV	RFP	29.0	5/19/2022	5/19/2022	✓	✓
UH - Architecture and Engineering Services for Innovation Hub at UH	RFQ	72.4	5/19/2022	5/19/2022	✓	✓
UH - CMAR Core Equipment Installation for Centers	RFQ	20.0	5/19/2022	5/19/2022	✓	✓
UHCL - Bayou Building Renovation	RFQ	55.0	12/7/2022	12/7/2022	✓	✓
UHD - Architecture and Engineering Welcome Center Addition & One Main Renovation Project	RFQ	44.9	12/7/2022	12/7/2022	✓	✓
UH - Disaster Restoration and Emergency Recovery Services	RFP	30.0	2/23/2023	2/23/2023	✓	✓
<u>Construction Projects Over \$1 Million and Under \$10 Million</u>						
UH - Architecture and Engineering Services for Centennial Project	RFQ	3.0	5/19/2022	5/19/2022	✓	✓
UH - Exterior Door Electronic Access Control	RFP	2.5	N/A	2/23/2023	✓	✓
<u>Non-Construction Contracts Over \$1 Million</u>						
UH - Campus-Wide Irrigation Landscaping Mowing and Tree Maintenance	RFP	60.0	N/A	8/26/2021	✓	✓
UHD - Digital Marketing	RFP	4.5	N/A	12/7/2022	✓	✓
UH - Office Supplies	RFP	10.0	N/A	2/23/2023	✓	✓
UH - Programming Services CSA	RFQ	3.0	N/A	2/23/2023	✓	✓
UH - Custodial Services for UH Sugar Land & UH Katy	RFP	3.5	N/A	5/18/2023	✓	✓
UHS - Financial Auditing Services	RFQ	2.9	N/A	5/18/2023	✓	✓
UHS - Marketing Services	RFP	2.5	N/A	5/18/2023	✓	✓
UH - Digital Marketing and Recruitment	RFP	10.0	N/A	5/18/2023	✓	✓
UHS - Treasury Management and Merchant Services for UHS	RFP	18.3	N/A	5/18/2023	✓	✓

CMAR - Construction Manager at Risk

AE - Architectural and Engineering Services (RFQ only)

SS - Sole Source

ITB - Invitation to Bid

✓ - Initiated or Completed audit procedures, as specified in report.

RFP - Request for Proposal

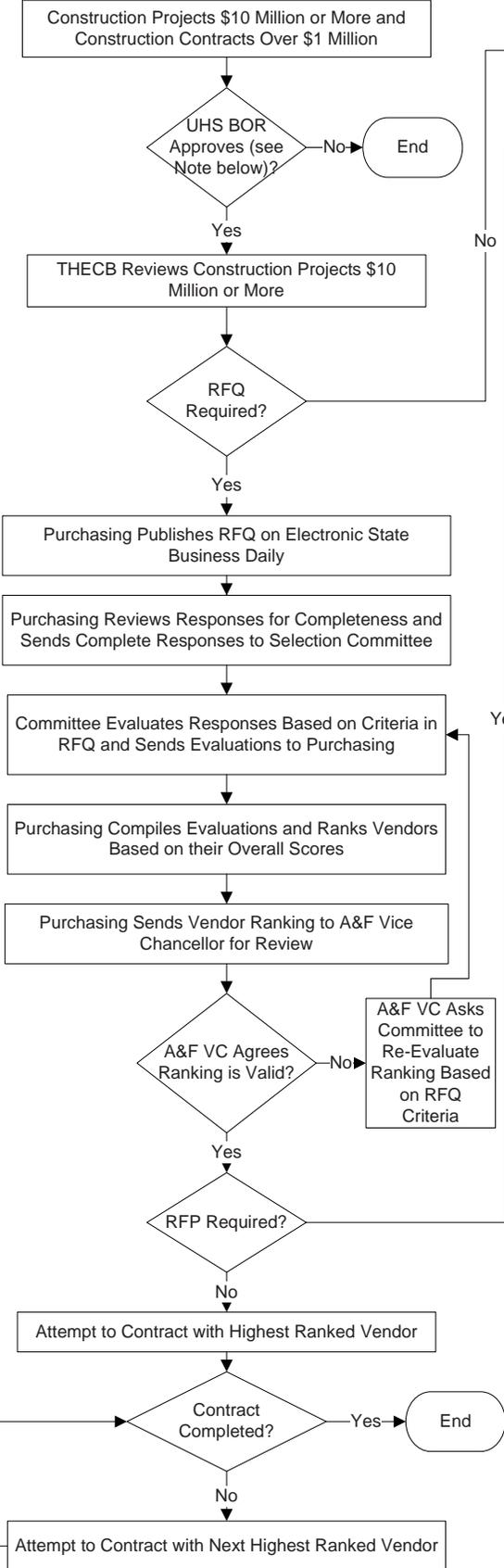
RFQ - Request for Qualifications

FE - Furnishings and Equipment

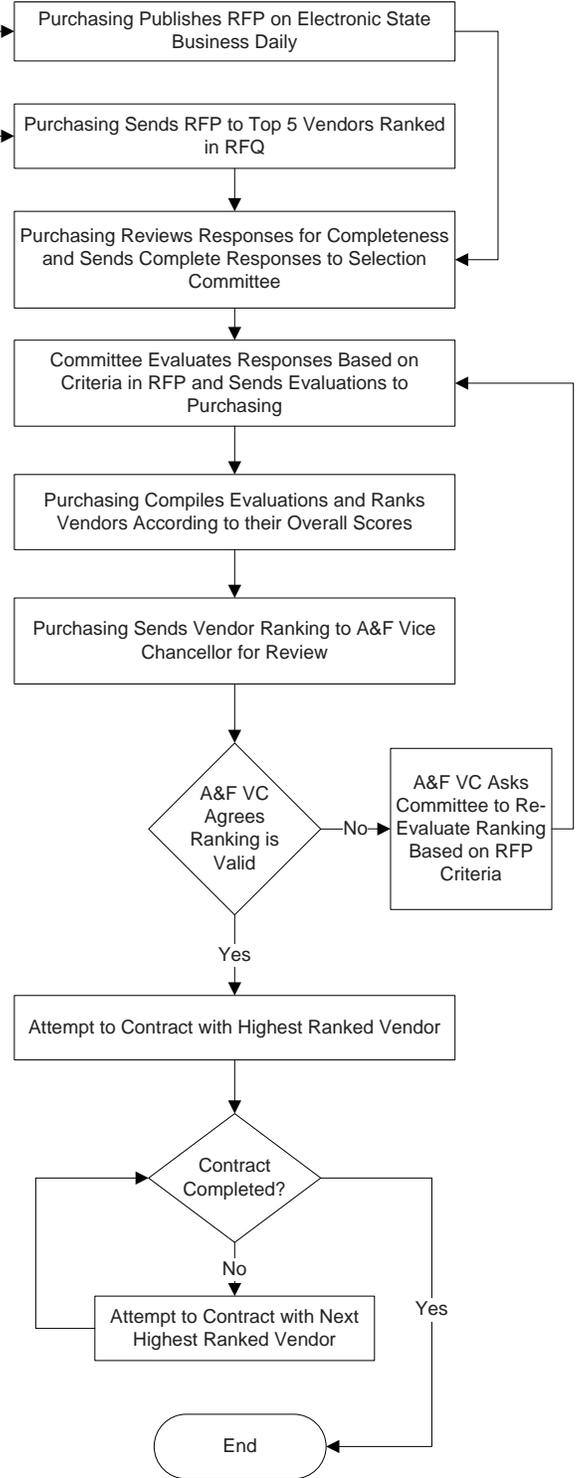
CSP - Competitive Sealed Proposal

University of Houston System Construction Projects \$10 Million or More and Construction Contracts Over \$1 Million

Request for Qualifications (RFQ)



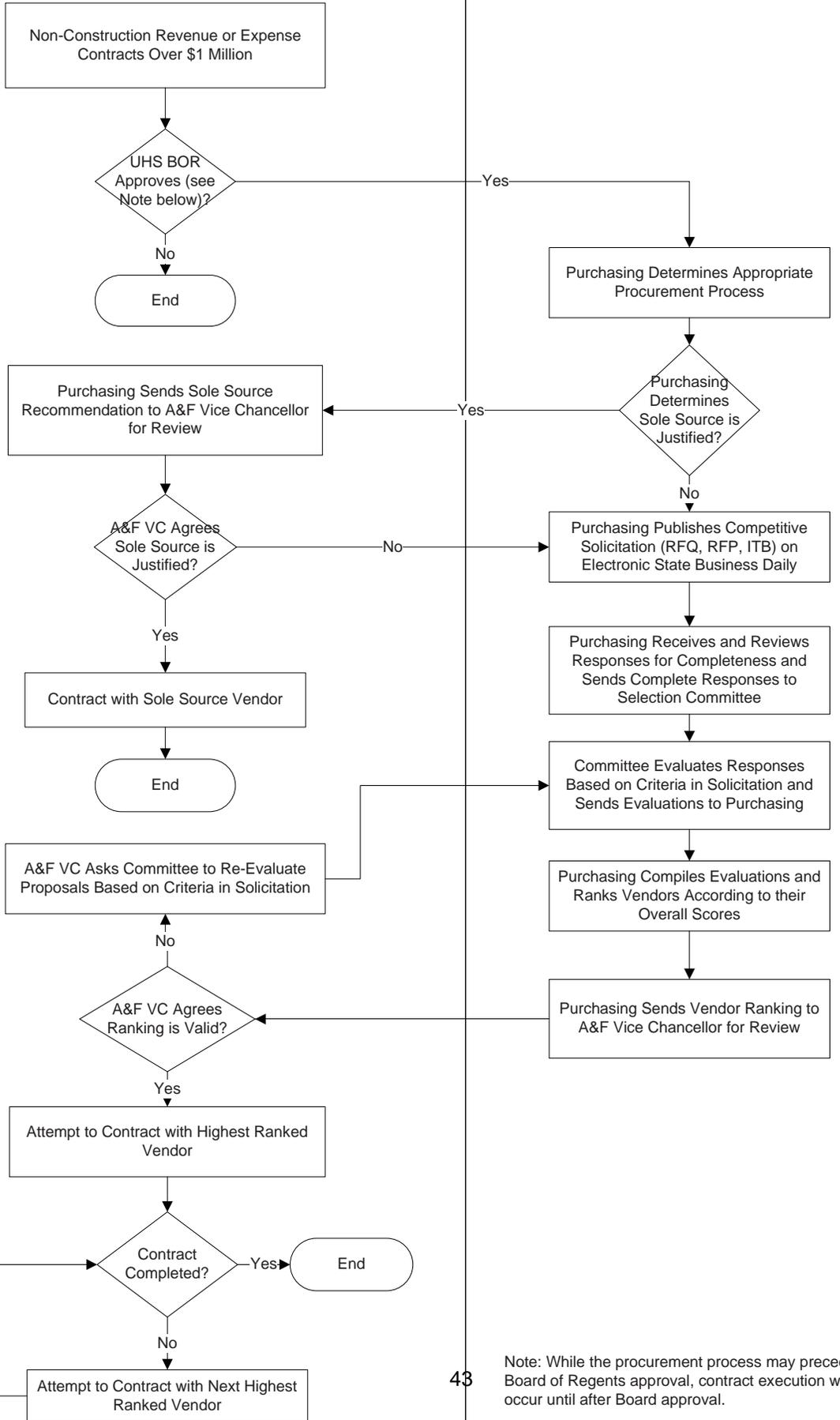
Request for Proposal (RFP)



Note: While the procurement process may precede UHS Board of Regents approval, contract execution will not occur until after Board approval.

Approval Process

Procurement Process



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Note: While the procurement process may precede UHS Board of Regents approval, contract execution will not occur until after Board approval.



Report to the Audit and Compliance Committee of
the UHS Board of Regents on:

TEXAS EDUCATION CODE §51.9337 COMPLIANCE
AR2023-15

UNIVERSITY of **HOUSTON** **SYSTEM**
INTERNAL AUDITING DEPARTMENT

UNIVERSITY OF HOUSTON

TEXAS EDUCATION CODE §51.9337 COMPLIANCE

Overview and Scope Summary

Texas Education Code §51.9337 was added with the passing of Senate Bill 20 during the Texas 84th Legislature and became effective September 1, 2015.

Texas Education Code §51.9337 requires the chief auditor of an institution of higher education to annually assess whether the institution has adopted the rules and policies required by this section and shall submit a report of findings to the state auditor. This code requires the System to establish policies and procedures for:

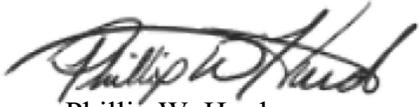
- Code of ethics
- Code of conduct
- Conflict of interest
- Investigations
- Purchasing requirements and guidelines
- Contracting requirements and guidelines
- Standards for conducting audits

Observations and Overall Audit Opinion

The Internal Auditing Department evaluated University of Houston System policies for compliance with the requirements contained in Texas Education Code §51.9337. The University of Houston System has established policies and procedures that comply with Texas Education Code §51.9337.

The UHS Department of Internal Auditing would like to thank the UHS Universities for their cooperation and assistance during this review.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip W. Hurd". The signature is fluid and cursive, with the first name being the most prominent.

Phillip W. Hurd
Chief Audit Executive
University of Houston System

Participating Auditors: Brandee O'Neal, Kim Gerry and Edel Rodriguez

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Audit and Compliance

ITEM: Report on University of Houston System, Annual Internal Audit Plan

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Attached for your review and approval is the UHS Internal Auditing Department Annual Internal Audit Plan for Fiscal Year 2024 (Audit Plan). The Audit Plan has been prepared to meet the requirements of the Board of Regents policy and the Texas Internal Auditing Act (Texas Government Code, Sec. 2102), as amended. The Texas Internal Auditing Act requires the Board of Regents to approve the Audit Plan and periodically review the resources dedicated to the Internal Audit program and determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately covered within a reasonable time frame.

The Internal Audit Department continues to integrate analytics, computer assisted auditing techniques (CAAT), Robotic Process Automation (RPA), and basic artificial intelligence (AI) in the audit process to better serve the UHS community.

SUPPORTING

DOCUMENTATION: Annual Internal Audit Plan, FY 2024

FISCAL NOTE: None

**RECOMMENDATION/
ACTION REQUESTED:** Administration recommends approval of this item

COMPONENT: University of Houston System



08/04/2023

CHIEF AUDIT EXECUTIVE

Phillip W. Hurd

DATE



CHANCELLOR

Renu Khator

8/17/2023
DATE

Annual Internal Audit Plan

FY 2024

August 23, 2023

Overview

1. Internal Audit Definition
2. Staff Members and Certified Competencies
3. Proposed Audit Plan
4. Additional Points

Definition of Internal Auditing

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

Staff Members and Certified Competencies

Name	Job Title	Certifications
White, Barbara Carol	Asst, Administrative, Exec	
Dahlke, Sandra Wells	Working Retiree	CAP
Ho, Aiden	Auditor I	
Gonzalez, Kathy	Auditor II	CCRP
McClellan, Elias Jacob	Auditor II	CFE
Tran, Emily Kim	Auditor II	CFE, AIRC
Applebach, Connie C	Auditor III	CISA
Porter, Eric	Auditor III	CFE
Gerry, Kim A.	Auditor IV	CFE
Moreno, Cesario Anthony	Auditor IV	CFE, CGAP
O'Neal, Brandee M	Director	CIA, CFE
Hurd, Phillip Wayne	Chief Audit Executive	CIA, CISSP, CCEP

Existing Year Projects that are in Process

TITLE	STATUS <small>(select from drop-down list)</small>	COMMENTS
Procurement Card Management (UH, UHD and UHV)	Project Currently In Progress	In fieldwork
Travel Expense (UH, UHCL, and UHD)	Project Currently In Progress	In fieldwork
Education Resource Center (UH)	Project Currently In Progress	In fieldwork
Travel & Entertainment Expenditures - Board, FY23	Project Currently In Progress	Board Requested - Continual -Report in November
Travel & Entertainment expenditures - President, FY23 (UH, UHCL, UHD, and UHV)	Project Currently In Progress	Board Requested - Continual -Report in November
Contracts Requiring Board Approval	Project Currently In Progress	In fieldwork
UHV Scholarships and Financial Aid	Project Currently In Progress	In fieldwork
Research Lab Safety (UH, UHCL, and UHD)	Project Currently In Progress	In fieldwork
Research Governance and Process Overview (UH)	Project Currently In Progress	In reporting
Minors on Campus (UH)	Project Currently In Progress	In planning
Special Projects/Investigations	Project Currently In Progress	Multiple special projects/investigations continue

Additions to Audit Plan Based on Risk Assessment and Risk Register

ENGAGEMENT TITLE	GROUPING	TYPE	SCOPE	TIME FRAME	INCLUSION RATIONALE	Entity to be Audited				
						UHS	UH	UHCL	UHD	UHV
Title of the audit engagement.	Assurance Blended Consulting Special Project	Compliance Financial Information Technology Investigation Operational	Controls Review Full Review Limited Review	Near Term - 1-6 Months Medium Term - 7-12 Months Long Term - 13-18 Months	Information describing why this project is included on the audit plan.					
Annual Procurement Report	Assurance	Compliance	Limited Review	Near Term - 1-6 Months	Mandatory Audit		X			
Athletics - Football Attendance	Assurance	Compliance	Limited Review	Near Term - 1-6 Months	Mandatory Audit		X			
Board of Regents Travel & Entertainment, FY 2024	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit	X				
Chancellor/President's Travel & Entertainment, FY 2024	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X	X	X	X
Contracts Requiring Board of Regents Approval	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit	X				
Compliance with Education Code 51.9337	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit	X				
Education Resource Center (UH)	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit	X	X			
Facilities Development Projects	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit				X	
College of Medicine Business Process Review	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Ensure Compliance		X			
Continuous Control Monitoring	Other	Compliance	Limited Review	Near Term - 1-6 Months	Evaluation Step	X	X	X	X	X
Inventory of Protected Health Information	Assurance	Operational	Limited Review	Near Term - 1-6 Months	Evaluation Step		X			
Donor Agreement Expenditures	Assurance	Compliance	Limited Review	Near Term - 1-6 Months	Ensure Compliance		X			

Additional Points

- 20% of available talent hours are reserved for Management/Board requests and investigations.
- Improvements in efficiencies which result in additional talent hours will be applied to near-term audits first, then to mid-term audits.